Business Consulting Services

Global Supply Chain

It’s Not Just Logistics

Enabling the Enterprise

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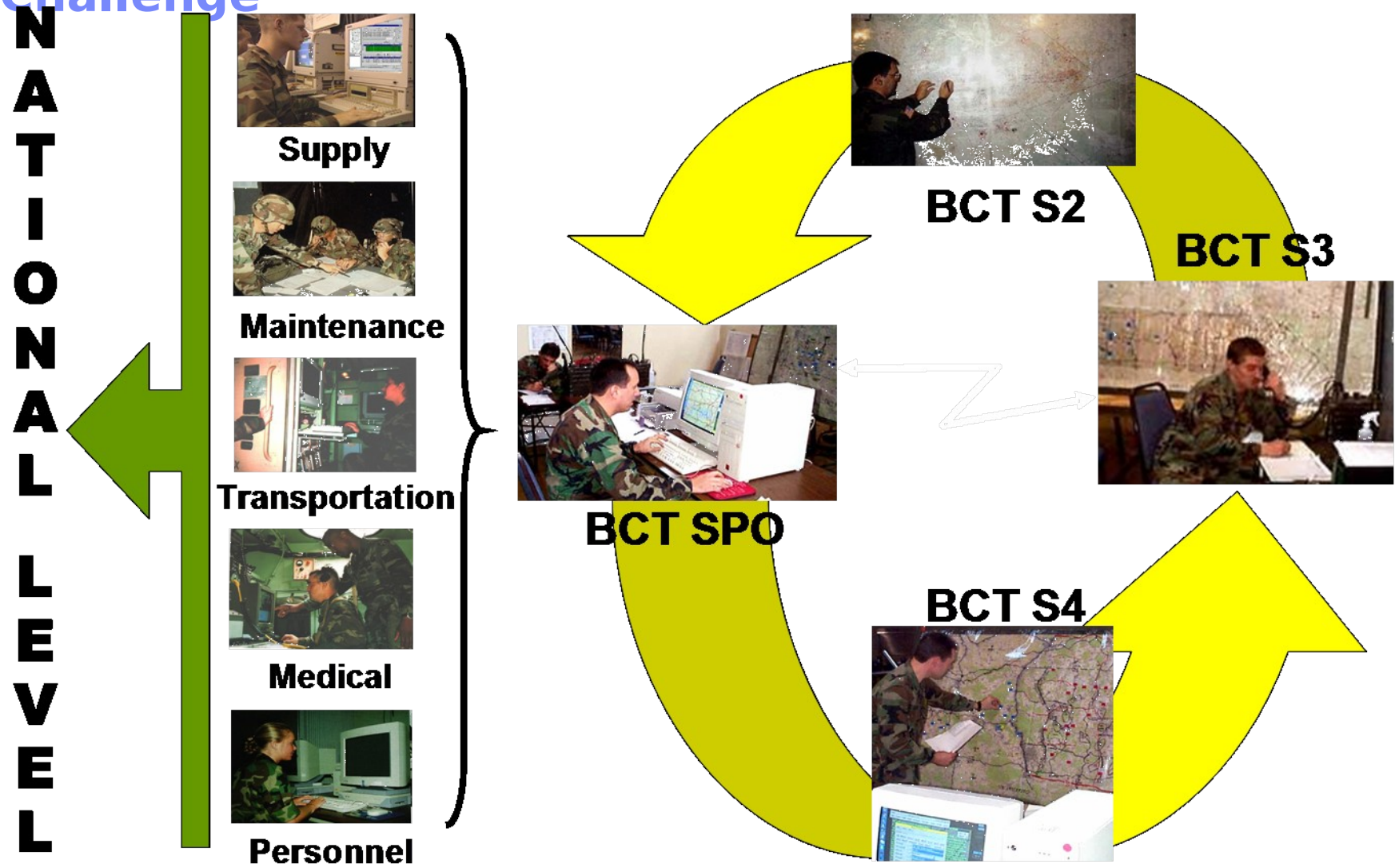
Integrated Collaborative Planning Still a Major Challenge



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Logistics Challenges Abound

Supply Chain Management

Where is it?

Is it where we need it?

Resource Optimization

The Goal → Maximize throughput of forces and sustainment to combatant commander.

The Challenge → Logistics commanders at every echelon must synchronize resources in order to optimize the flow of forces and materiel onward and into the theater.

The Key → Knowledge. See and understand requirements, capacity, and inventory.

Example

Optimize the flow of M16 magazines from OEM to Soldier to ensure Soldier has what he needs, when and where he needs it, without creating a shortage of another item

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Operation Iraqi Freedom Dec 2003 GAO Report Findings

Backlog of hundreds of pallets and containers of materiel at various distribution points due to transportation constraints and **inadequate asset visibility**

Potential cost to DOD of millions of dollars for late fees on leased containers or replacement of DOD-owned containers due to distribution backlogs or losses

Cannibalization of vehicles and potential reduction of equipment readiness due to the unavailability of parts that either were not in DOD's inventory or could not be located because of **inadequate asset visibility**

Duplication of many requisitions and circumvention of the supply system as a result of **inadequate asset visibility**

Sound Familiar?

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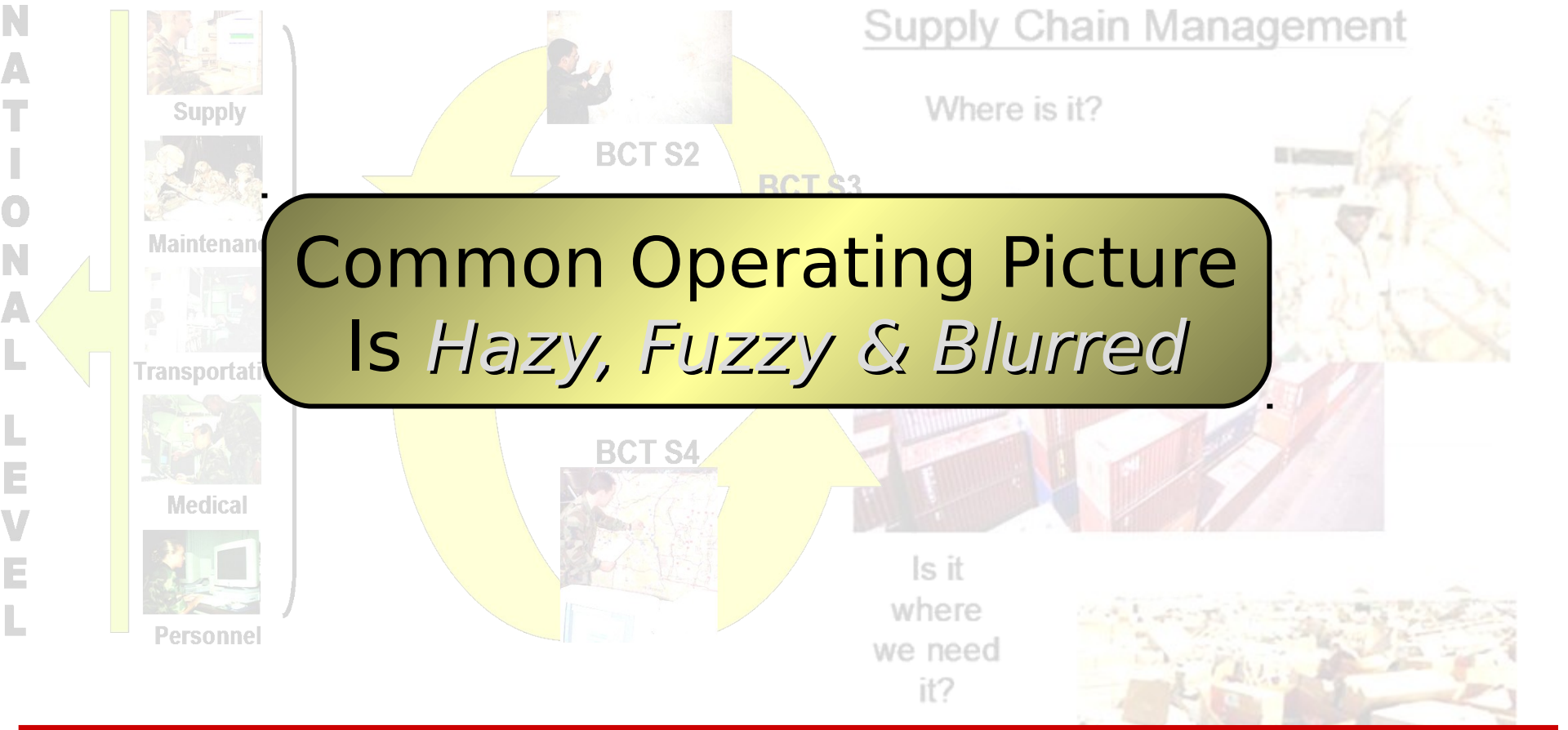
The Common Thread



Common Operating Picture Is *Hazy, Fuzzy & Blurred*

Despite advances, the incomplete COP hampers Warfighters' ability to see and manage a virtually integrated battlefield

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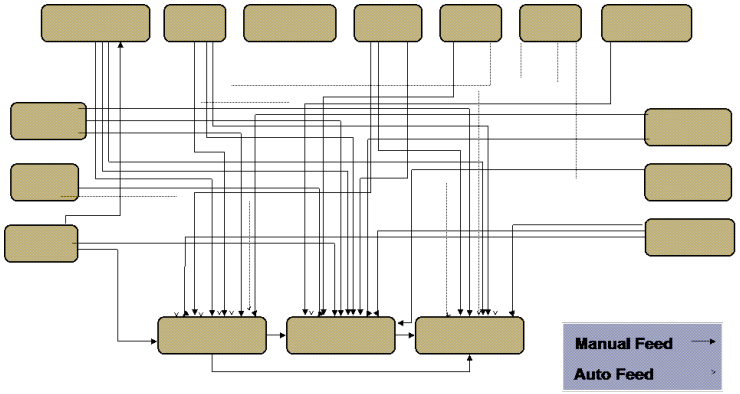
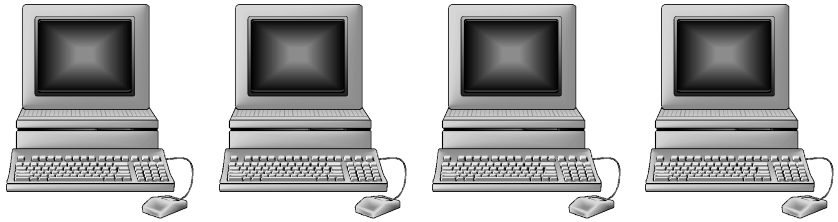
Some Barriers to Success

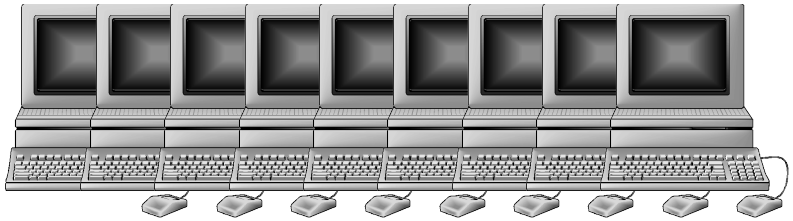
Multiple data sources and feeds



The Spaghetti Effect

Changing Army IT landscape





...and Many Others

More Spaghetti On the Way!

- One change affects many interacting systems: slow, risky, and expensive
- Data synchronization is a nightmare
- Data latency or inaccuracy is rampant
- Except at Ft. Wainwright, stovepipes are never your friend

- FCS
- GCSS - MC
- Joint Tactical Work Station
- And Many Others

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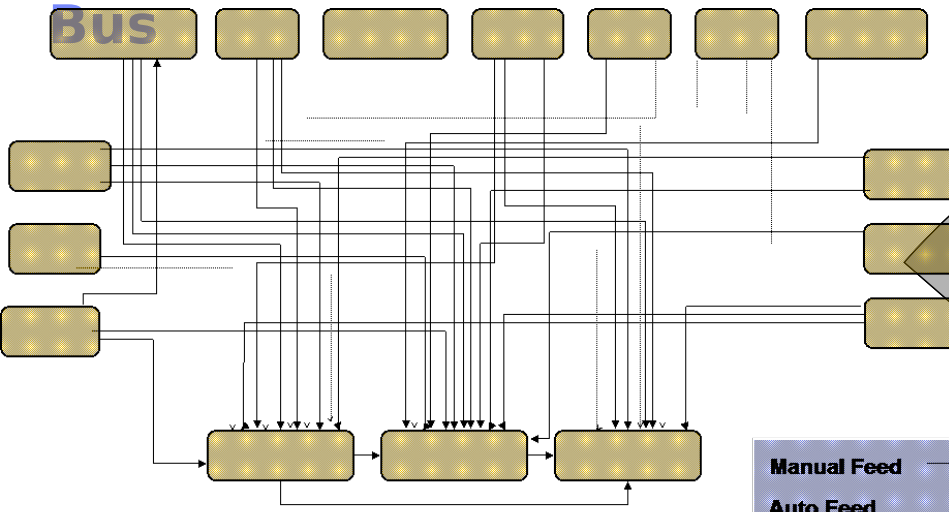
One Solution
Service Oriented Architecture with an Enterprise Service Bus



From this

What is SOA?

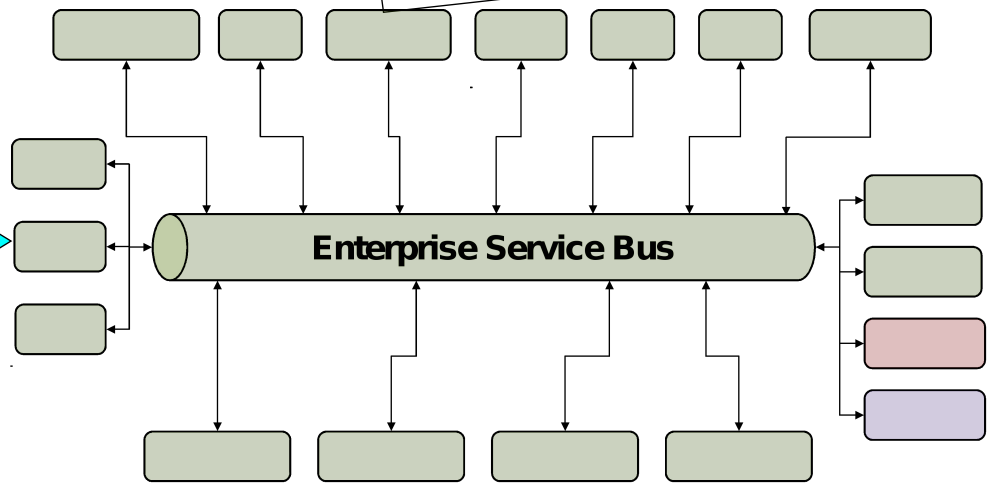
A flexible architecture that structures large applications into building blocks to unify operational processes

Manual Feed

Auto Feed

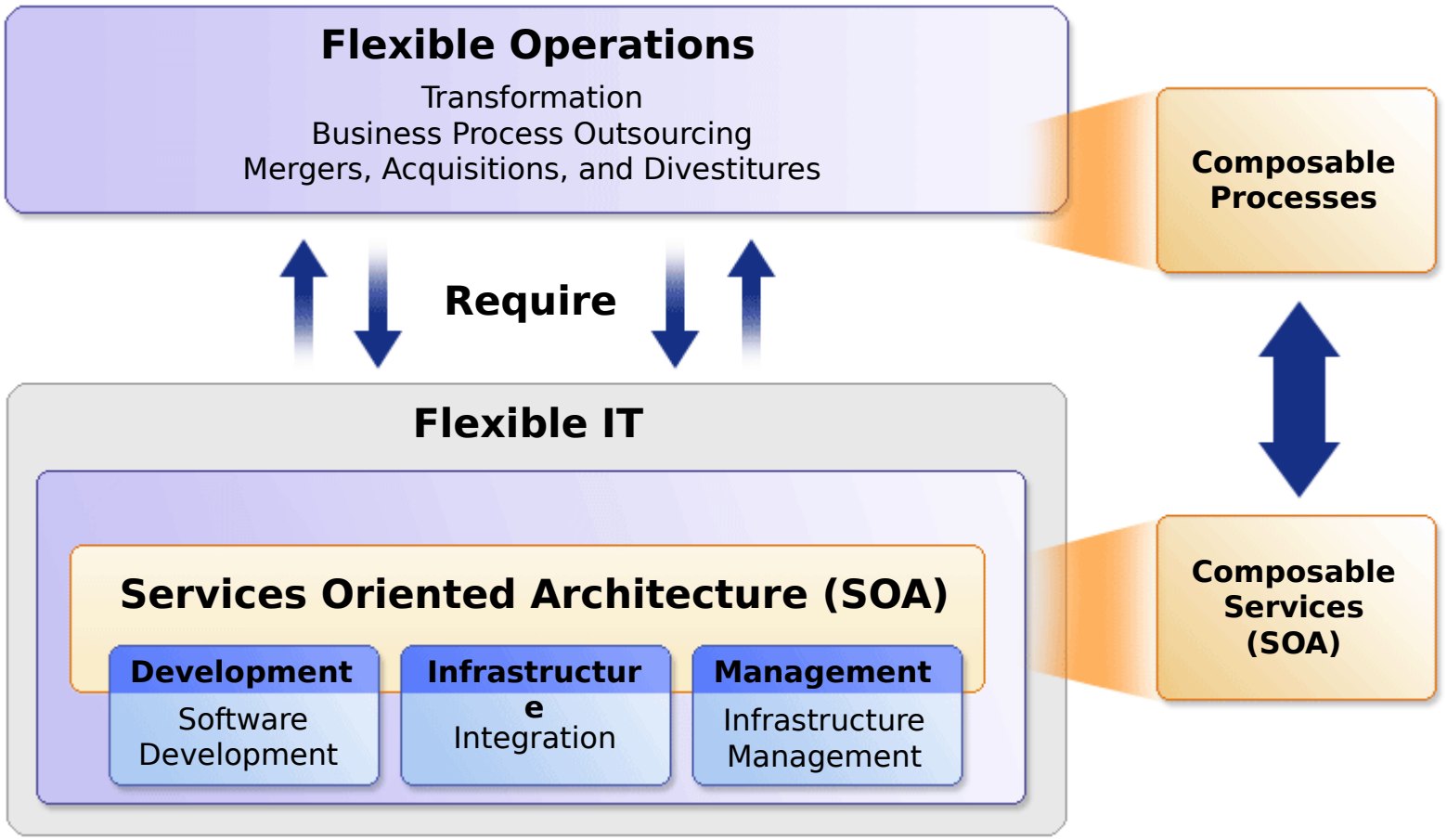
To this

ESB = A lightweight connectivity infrastructure built using JMS, XML, and Web Services standards



Open architecture, COTS, Scalable, Flexible, with Transport, Event, and Mediation Services

Flexible Operations Require Flexible IT



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Been There, Done That

In 2002 IBM Started Here

"Supply chain was about cost-cutting and functional excellence within the business units. There were no common processes, let alone client-facing processes."

– Patrice Knight, VP of Business Transformation and Strategy

Our Size & Scope compares to the Army

- **19,000 employees at 100 locations in 61 countries worldwide**
- **Approximately $40 billion, or roughly 50%, of IBM's total cost and expense**
- **Moves more than 2 billion pounds of machines and parts annually**
- **Handles over 78,000 products, with over 3 million configurations**
- **45,000 business partners worldwide**
- **33,000 suppliers are connected to IBM through the Web**
- **Approximately 350,000 updates are made a day to the 6.5 million customer records from IBM's 1.7 million orders a year in North America alone**
- **Employees speak over 80 languages**

Today, IBM is Here, … and Still Improving

AMR ranks our Global Supply Chain as Third Best in the World

Financial Results

$7B
COST AND EXPENSE SAVINGS

$285M
CASH GENERATED

AVERAGE PAYMENT TERMS IMPROVED BY 1 DAY = $108M

Operational Results

INVENTORY AT THE LOWEST LEVELS IN 30 YEARS

CYCLE TIME PERFORMANCE +16%

25%
IMPROVEMENT IN SALES FORCE PRODUCTIVITY

Client Facing Results

TURNING ORDERS 32% FASTER

+2%
IMPROVEMENT IN OVERALL CLIENT SATISFACTION

IBM walks the SOA walk. ZD Net http://blogs.zdnet.com/service-oriented/?p=606

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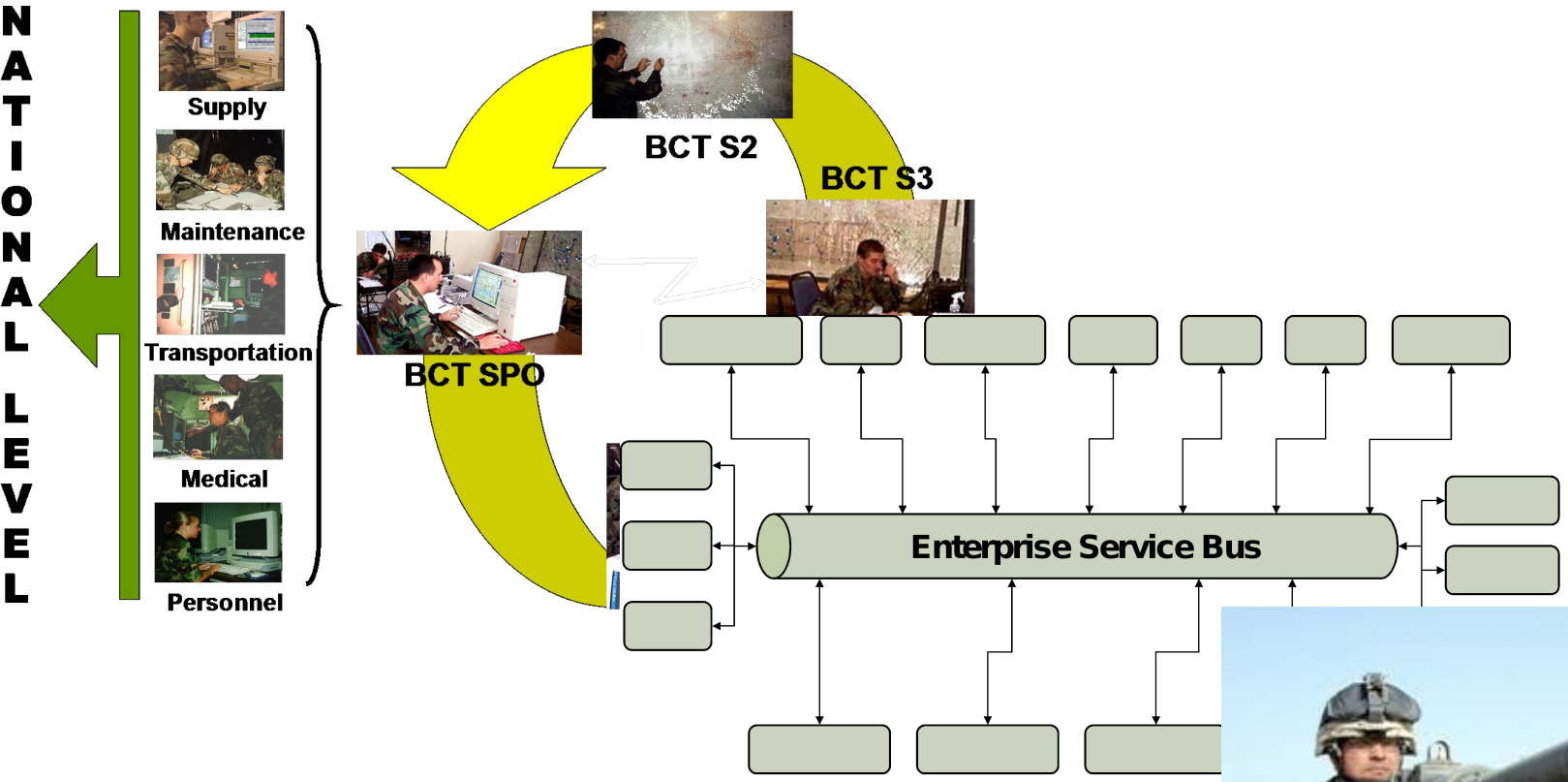
Enabling DoD's Global Supply Chain Vision



The Enterprise
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